



What is a Pound?

A

LETTER TO THE PREMIER

ON HIS

NEW CURRENCY MEASURES,

IN REPLY TO HIS SPEECH ON THE BANK CHARTER ACT,

MAY 6. 1844.

————— "The Commons hath he pill'd
With grievous Taxes, and quite lost their hearts."

SHAKESPEARE'S *Richard II.*

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A

LETTER,

&c. &c.

SIR,

THE importance of the subject treated of in your speech of the 6th instant, and appointed for further consideration by the House of Commons on the 20th, cannot be overrated. The great danger is, that the country will not be sufficiently aware of its importance. Seeing that the discussion is professedly on the question of *renewing the Bank Charter*, and not conceiving that *currency measures* are proposed which demand their most watchful attention, it is probable that many who are deeply implicated in the result of the debate will be indifferent to its details, till they find too late that their dearest interests have been canvassed, decided on, and perhaps sacrificed. You, Sir, have given them fair warning of the momentous nature of the question under consideration. "There is no contract," you say, "public or private, no engagement,

national or individual, which is unaffected by it. The enterprises of commerce, the profits of trade, the arrangements to be made in all the domestic relations of society, the wages of labour, the transactions of the highest amount and of the lowest, the payment of the National Debt, the provision for the national expenditure on the one hand, and the command which the coin of the smallest denomination has over the necessities of life on the other, — *are all affected by the decision to which we may come on that great question* which I am about to submit to the consideration of the committee.” These words, Sir, amply vindicate you from any suspicion of wishing to take advantage of the indifference of the public mind, in order to pass with as little trouble as possible those RESOLUTIONS, which yourself and your colleagues approve of as forming a proper basis for the future law of the land concerning THE CURRENCY.

But while I gladly admit, in this respect, the candour and liberality of your conduct, I am obliged to say that in another point of view there does seem to be an unwillingness on your part to allow that share of attention to be given to the subject which is due to it. Why should you restrict to a *fortnight* only the time you permit to be bestowed on a measure affecting interests of such extent and magnitude? What time is that for enabling the members even of the House of Commons to form a competent judgment of so complex and difficult a question as the Currency,

with its bearings on the various classes and interests liable to be compromised by their decision? If every *transaction* of business, every *domestic* arrangement, every *contract* subsisting or hereafter to be made, every *person* in the kingdom from the prince to the peasant,—the most aged to the child unborn,—will be *affected by the decision to which the House may come on this great question*,—how happens it that you, Sir, should restrict to so brief a term the period allowed for studying your propositions, tracing their probable effects through their multitudinous ramifications, and consulting those numerous classes of persons, those almost innumerable individuals, whose weal or woe depends on the votes which will be given in Parliament? Ample notice and the fullest information to the people should have been allowed to precede the discussion, and all who apprehend injury should have been invited to state their doubts and fears in petitions, memorials, or remonstrances. I think I may say, with perfect truth, there never was a measure of such universal and intense interest, hitherto so little understood, urged on with such indecent haste, and so little regard to the sentiments of those who may be the sufferers.

On most matters which are brought before Parliament, it is willingly conceded, that the members of the two Houses, and especially Ministers, are better qualified to form an opinion than men out of doors; but here, Sir, according to your own showing, is an affair of the *pocket*,—a matter on which

every one thinks that he is himself as good a judge as any of those who presume to advise him,—a matter on which men are usually jealous of having their understandings questioned, their judgments overruled;—yet you, Sir, proceed to decide upon that which so vitally concerns them at once and for ever, without even paying them the compliment of asking their opinion. The right of parliamentary representation has been doubted, and even denied: but I question whether it was ever before treated with so much apparent indifference, so much apparent contempt.

I may, however, be mistaken. Your motive may have been only the desire to avoid that avalanche of pamphlets which usually descends when any sudden or extraordinary announcement startles the public ear. You are justly afraid of those “who in our day write (as you say) interminable pamphlets on the currency, but never allow us to guess at their meaning.” In this view of the case I have no right to complain. I would only hope that, as you have had plenty of time yourself to prepare your plans, to arrange your arguments, and to support them by competent authorities, so you would allow any defects which you may perceive in my remarks to have the benefit of such excuse, as this really too short space to read and reply in print to your speech can fairly plead for me.

You are undoubtedly right in saying that we “cannot discuss the principles on which we should establish the engagement to pay a certain definite

value, unless we are agreed on the principle as to what constitutes the measure of value in this country. That is the foundation of the whole of this subject." Accordingly you proceed to give us your idea of the meaning of a pound. You properly contend that it is not "a merely *visionary* theory, a *fiction* which does not exist either in law or in practice," but that it means "a *quantity* of the precious metals of certain weight and certain fineness. The whole foundation of my measure," you say, "rests on the assumption that, according to practice, according to law, according to the ancient monetary policy of this country, the meaning of a pound is neither more nor less than a certain *quantity* of gold, with a mark upon it to determine its weight and fineness; and that the engagement to pay a pound means nothing and can mean nothing else, than the promise to pay to the holder on demand, when he demands it, a definite *quantity* of the precious metals. What is the meaning of the *pound*, according to the ancient monetary policy of this country? The origin of the term was this:—In the reign of William the Conqueror, a pound of silver was the pound of account. The word *pound* represented both the weight of the metal and the denomination of the money. By subsequent debasements of the currency, a great alteration was made, not in the *name*, but in the *intrinsic value*, of the pound sterling; and it was not until a late period of the reign of Queen Elizabeth, that silver, being then the standard of

value, received that *determinate weight* which it retained without variation, with constant refusals to alter it, until the year 1716, when gold was practically substituted for silver, as the exclusive standard of value. The standard of silver up to 1716, was fixed about 1567; but in 1717, the value of the guinea was determined to be 21s.; and for a certain period, both gold and silver constituted the standard of value. But in the year 1774 it was enacted that no legal contract should be discharged in silver for any sum of more than 25l."

My first remark on this sketch of the history of our coin is, that, unintentionally of course on your part, you convey a false impression when you say, that "*by subsequent debasements of the currency*" a change was made in the value of the pound sterling. *Debasements* have reference to some greater admixture of *alloy* than before with the precious metals. This happens to be a charge from which the English mint has always been remarkably free. From the earliest times to the present, with the exception of fourteen years, from the 34 Hen. VIII. to the 1 Eliz. (1543 to 1557), the standard fineness of English silver coin was 11 oz. 2 dwts. fine silver to 18 dwts. alloy; and even in 6 of these 14 years, the standard was 11 oz. 1 dwt. to 19 dwts. of alloy: so that with the exception, properly speaking, of only 8 years, the standard of our silver coin has always been the same from the Anglo-Saxon times to the present day. With respect to our gold coin, which began

to be minted in the 41 Hen. III. (1257), its proportions were 23 carats $3\frac{1}{2}$ grains fine gold to half a grain alloy, till 1 James I. (1604), when 22 carats was the standard with 2 carats alloy; at which standard it remains to this day. Thus, according to history and fact, the earlier kings of England were, in the mintage of their coins, more remarkable for preserving the purity of the standard, than for debasing it.

Your intention, doubtless, was to say that the *weight* of the coin had been *diminished*, by which a great alteration had been made, not in the *name*, but in the *intrinsic value*, of the pound, from the time of William the Conqueror to the reign of Elizabeth. This is true: the pound weight of silver was coined from 1066 to 1601 (omitting the eight years of debasement) successively into 20s., 20s. 3d., 22s. 6d., 25s., 30s., 37s. 6d., 45s., 60s., and 62s. But how do these successive alterations of the quantity square with the doctrine you lay down concerning the *pound*? You contend that it means "a *quantity* of the precious metals of *certain weight and certain fineness*;" that it is "a *certain definite quantity* of gold;" "a *definite quantity* of the precious metals." Do you by these expressions mean us to understand that it should consist *at all times* of the *same definite quantity* of gold or silver? That it should always be an *invariable* as well as a *definite quantity*? If so, your historical examples contravene your assertion. You cannot intend this sense, but must mean only that the measure of value should be, *at that time*

when it is the measure of value, whenever that may be, a coin of a *certain weight* and *certain fineness*.

You next observe, in your brief sketch of our pound sterling, that it was not until "a late period of the reign of Elizabeth that silver, being then the standard of value, received that *determinate weight*, which it retained without variation, with constant refusals to alter it, till 1716." By these words I understand that the pound sterling, from a late period of the reign of Elizabeth, remained *unchanged in value* till the year 1716. But here I must again take leave to question the accuracy of your statement. You clearly omit to take into account, when you make this assertion, the difference in the value of silver which was occasioned by the discovery of America? From the earliest ages till the year 1600, the proportions of silver and gold were generally recognized as 10 to 1. *Ten* ounces of silver were worth *one* ounce of gold. This was their general relation to each other in all countries, ever the most ancient; and in general the relation which they held to each other in our own coinage. By degrees this proportion was infringed upon; the reason being that silver was obtained with much less labour in the New World than in the Old. It was thus in England that the relative value of silver to gold was gradually changed till it became more than 15 to 1. At the period in question it was esteemed as 11 to 1, and was so represented in our coins: when, therefore, we desire to compare the value of silver coins

formerly, with the value of silver coins now, we must take this relation into account. Or if we choose to disembarass the question of all calculations of this kind, we may at once compare the weight of our gold pound now, with the weight of that which we had at any former period, and the difference between the two will show us the value of the silver pound as well as of the gold pound. You will find in Harris*, that the proportion of fine silver to fine gold in the coinage of 1601, to which you allude, was as 10·905 to 1, and in Ruding, that while the proportion was as above exhibited (or, as he expresses it, 1 to $10\frac{4}{59}$), the gold pound, called the sovereign, worth 20s., was coined of the weight of 171 grains. Now, if our present sovereign contains 123 grains, and that of Eliz. in 1601 contained 171 grains, it follows that her pound sterling was worth 27s. 9d. of our present coin. Admitting, therefore, that the silver coin of Eliz. was the measure of value, and the *legal tender* of that day, it is evident that as the value of 20s. was equal to the sovereign of 171 grains, the value of the silver pound of that period was also of the value of 27s. 9d. of our present coin. For more than thirty-nine years before this change was made, that is, from the 4th of Eliz. to her 43d year (1558 to 1601), the pound of silver was coined into 60s., and the gold sovereign, worth 20s., was of the weight of 174 grains;

* Essay upon Money and Coins, Part II. p. 2.

both pounds, therefore, were then worth 28s. 3d. of our present coin. Harris much regrets this alteration from 60s. to 62s., "as now none of our coins" he says, "are aliquot or even parts of our weights. For about fifty years before, whilst the pound weight troy of silver was cut into 60s., the money pound being exactly four ounces, the crown piece was one ounce, the shilling four dwts., and the penny eight grains. Had this standard been continued, every one would have readily known how much silver each piece of money ought to contain; and this would naturally have led people to compare coins with weights; which probably would have produced long ago some of the regulations now so much wanted in regard to money, and which would have saved this nation from great loss and perplexity."* As you so frequently quote his work, and appear to regard him as a great authority, I almost wonder you did not follow up this hint; and when you were desirous of restoring our ancient pound, take the shilling of 60 grains, rather than that of 62. Or, still better, you might have reduced the sovereign from 123 grains to 120, making it consist of 5 dwts., or a quarter of an ounce, but still reckoning it as 20s., which would have diminished its value only 6d. This would have been a more convenient division, as gold is now our principal measure of value. But your wish apparently was to continue our pound in coin at the

* Essay upon Money and Coins, Part II. p. 9.

same *value* which it possessed in the last two years of the reign of Elizabeth.

Unfortunately, Sir, for your consistency, our pound sterling underwent four alterations after that. In 1604, only three years after the last alteration, the gold pound, of the value of 20*s.* in silver, was coined of the weight of 154 grains, which gives for the pound sterling, both in gold and silver, the value of 25*s.* of our present money. In 1625, it was coined of the weight of 140 grains, which makes the pound sterling in gold and silver equal to 22*s.* 9*d.* of our present money. In 1675 it was reduced to 129 grains, being still of the value of 20*s.*, which makes the pound sterling worth only 21*s.* of our present money (this gold pound was afterwards called a guinea); and in 1815 it was coined of the weight of 123 grains, or nearly so, which is its present weight. Of these changes you appear to have been uninformed. Conceiving that as the same *weight* was found in the silver pound its *value* was the same — and that for convenience sake alone gold was substituted for silver in 1774, as the *standard measure of value* — you concluded that when the pound troy of silver was coined into sixty-six shillings, (four of which were kept back for seignorage,) we were brought practically to the use of the same measure of value which we had in 1601. I trust, Sir, you are now satisfied that this was an error of yours; and since this erroneous assumption of the *antiquity* and *uniformity* of the measure of value which you recommend is made the reason of your *new* currency

measures, I earnestly hope that you will for the present suspend any further proceedings in relation to this business, and allow the country a little longer respite to consider what steps it may be prudent to take in the present posture of affairs. When such mistakes as these are made by one who is considered an *oracle on the subject of Currency*, it is time to pause and look about us: when the pilot to whom the vessel is trusted is found to be so widely out in his reckoning, and *breakers are ahead*, it is our duty to pipe all hands, take in the sails, cast anchor, and endeavour to ascertain where we are, before we commit ourselves again to his guidance.

Having confidence that under these circumstances neither you, Sir, nor the House would desire to proceed further without obtaining additional information, I might stop here; but I shall continue my observations in the hope, not that they may be necessary to confirm this opinion, but that they may be found useful at a future opportunity.

You say that the weight of our silver coin was "retained without variation, with *constant refusals to alter it*, until the year 1716, when gold was practically substituted for silver, as the exclusive Standard of Value." The refusals you speak of were needless, as the relation of silver to gold was altered by circumstances over which our rulers had no control. They attempted, nevertheless, to make our *coins* conform to that altered relation, changing the proportion of gold to silver, in our successive

coinages, from 1 to $10\frac{4}{5}$ in 1601, to 1 to $12\frac{1}{7}$ in 1604, 1 to $13\frac{1}{2}$ in 1610, 1 to $14\frac{1}{2}$ in 1663, and 1 to $15\frac{2}{3}$ in 1717. Thus, I am afraid, Sir, I must again say, that your statement of the case is not in strict accordance with the facts.

"The *standard of silver*, up to 1716, was fixed about 1567," according to the report of your speech in the Times; the Post has the same substance in the following form: "the *standard of value* observed up to the year 1816 was that fixed in 1566." Reporters on these abstruse subjects are so apt to make mistakes, especially in figures, that I would not wish to raise any question here: I would merely observe, that the indiscriminate use of the words *standard* and *measure* is embarrassing. By the *standard of silver* we should conceive the purity of the metal was the thing meant; by the *standard of value* we might imagine you intended to express the same thing as the *measure of value*. Harris makes use of a convenient term which might be advantageously introduced into these discussions. He speaks not only of the *measure of value*, but of the *standard measure* of value, when he wants to point out that metal as the *measure of value* to which the other is *subordinate*; thus he would say our present *standard measure* of value is gold. You, Sir, may mean that the *standard purity* of the silver coin was fixed in 1566 or 1567, but I cannot understand the drift of the passage, either in this sense, or in that of a *measure of value*, or of a *standard measure*. There may be a mistake in the

dates, and what is placed in 1567 may be intended for 1557; this would throw a little light on the subject, for then it might be conceived that you allude to the restoration of the *purity* of our silver coin which took place about 1557.

But can an interruption for fourteen years, or I might with more exactness say of eight years, in the preservation of the standard purity of our silver coin, from the Anglo-Saxon times to the present, when followed by its restoration, be called a *fixing* of the standard? You may perhaps think so; and if this is your meaning, I am happy to acknowledge that during this period, in such degree as our silver coin was concerned, you have some foundation for your remark. But throughout the same period our gold pound, the sovereign, remained unimpaired in weight and purity, if tried by the gold pound of 1601.

We now come to matters of greater interest. Having stated, that in 1774 gold was made "substantially the measure of value in this country," you add: "it continued to be the measure of value legally and practically until 1797, when that *fatal* measure for restricting cash payments by the Bank was passed, enabling parties to issue paper money at their discretion, without its being convertible into coin, which disturbed not only the speculations, but the theories and notions of men with respect to the standard of value. From 1797 to 1810 public attention was not much directed to this question; but in 1810 men of sagacity observed

that the exchanges had been for a considerable period unfavourable to this country, — more unfavourable than could be accounted for by anything that could be called balance of trade, or the monetary transactions of the country. A committee was appointed to enquire into the subject, and opinions, then novel, were stated — namely, that the *pound* meant, in fact, nothing else than a *definite quantity* of the precious metals, and that those who promised to pay a pound ought to pay that quantity. That theory was very much contested at the time. The House of Commons was not convinced by the arguments used in favour of it. The opinion of the public mind, that had prevailed since 1797 up to that period (1810), was, that this was mere delusion, a visionary speculation, and that something else was signified by a *pound* other than a definite weight of the precious metals." You give some entertaining examples of the absurd definitions of a pound, which were set up in opposition to the notions of the Bullion Committee, which notions you conceive were entertained by some former writers of eminence, as Locke, Petty, and Harris; and then with right good-will, as if you owed the town and its writers an old grudge, you select a volume on the currency recently written by two gentlemen of Birmingham, and lash the place, and the authors of this work, with as much sarcastic severity as could be thrown into a speech. I have not the honour to know either of the writers per-

sonally — one, I have been told, is the *editor*, and the other the *printer* and *publisher*, of a very ably conducted and well-supported newspaper, in which the Letters of Gemini first appeared. I have read in that paper many of those letters, and I must say that I differ from you in opinion, as to their merits. They are written, as I conceive, with good taste, in correct language, with courtesy and gentlemanly feeling; they are well-reasoned compositions, full of sound sense, honestly directed to the elucidation of that great subject on which you are preparing to legislate: the writers appear to be actuated with the best intentions of serving — perhaps of saving — the country. Can these letters raise such resentment in you? Your colleague, the Home Secretary, might perhaps be angry with their authors, because they have quoted so freely from his writings in support of their opinions; but I cannot understand your cause of complaint. “First,” you say, “they laugh at the notion of using as a standard now that which was used 300 years ago. They say that the property of this country has increased — that the mercantile transactions of this country have increased — and to have that as a standard now which was used in the reign of Queen Elizabeth, *although it has been adhered to ever since*, shows a want of knowledge and illumination that is almost culpable.” Really, Sir, to complain of sentiments such as these is more worthy of one who has been much mentioned lately in the House of Commons, than of the leader of that House.

"*Smith.* The Cook of Chatham : he can read and write and cast accompt.

"*Cade.* O monstrous !

"*Smith.* We took him setting of boys' copies.

"*Cade.* Here's a villain !

"*Smith.* He has a book in his pocket with red letters in it.

"*Cade.* Nay, then he is a conjuror.

"*Smith.* He can make obligations, and write court-hand.

"*Cade.* Away with him, I say : hang him, with his pen and inkhorn about his neck."

Your objections, Sir, to what you say are "the principles contended for by these gentlemen," will appear to yourself somewhat less tenable than they were, perhaps, when you perceive that their notion of the impropriety of using as a standard now, that which was used 300 years ago, is substantiated by historical documents, while your own view of it is proved to have originated in error. The experience of that 300 years has shown that the country could not sustain as a measure of value that which it possessed then, and that this measure was obliged to be reduced four several times before we could endure it as our present measure of value. What was the cause? *They* say that the property of this country has increased — that our mercantile transactions have increased — too much to enable us to bear it. I apprehend, Sir, that though you have got the laugh of the House against them, the common sense of the country will be in their favour. At all events, men of ordinary understandings will draw a conclusion against you, when *you* say that this standard — this *measure of value* — which *they* object to as being obsolete and unfit for the altered

circumstances of the country, has been "*adhered to ever since*;" while the truth is, it has been *four times altered since*:—they will perceive that *you are mistaken in your facts*, while the others *can only be mistaken in their opinions*.

But your breast cannot long harbour unkind feelings. Having exposed their errors, you will now most charitably enlighten their minds. You proceed therefore to inform them, that "there would be just as much sense in saying that we have increased in *population*, we have established *railways*, we have increased in *wealth*, and therefore, with all the advantages of our new position, we ought now to have *sixteen inches to the foot*. There is no more reason (you repeat it to make assurance doubly sure) why a pound should not be bound by all our transactions, notwithstanding our increase in wealth—there is, I say, no more reason (the third time) why you should *change a pound* than to say *a foot shall be a foot and a half*." This felicitous illustration was esteemed so excellent a hit, so convincing, so applicable, and so full of wit, that the House revelled in "laughter and cheers" for several minutes. I see something like this in your favourite Harris, but it wants a certain charm which yours possesses. In answer to those "who are for debasing our standard because, say they, it is too good," he observes, "these gentlemen might as well say that our *yard is too long* and should be curtailed; and assign as a reason for it, if they please, *because our consumption of cloth hath increased since*

that standard was made and placed in the Exchequer:" but here there is some natural relation perceptible between the objects spoken of, the yard-measure and the cloth. In yours there is none, and therefore it is the more admirable; for who can see any resemblance between a proposal for *diminishing* the *bulk* of the *coin* and one for *increasing* the *length* of the *foot*? Who would think of comparing a *substance* with an *abstraction*, and treat them both as if they were subject to the same laws? Men of dull minds would object that nature interposes no limit to the length of a measure: you may say our foot shall be a mile long if you please; but she has placed bounds to the production of gold and silver. Such men would be puzzled by the schoolboy question, "How far is it from Hyde Park Corner to the first of January?" They would stand no chance, Sir, in "wit-combats" with you.

I come now to your second objection to what you call the "principles" contained in the Letters of Gemini. "Then it is said—and this is repeated over and over again, and is one *conclusive proof* I have that he who says these things has *no more conception of the truth*, with respect to the measure of value, than he has of any speculations in the most distant parts of the globe, with which he is *wholly unacquainted*,—it is said, 'what a monstrous injustice and folly it is to tie down the Bank to issue gold at the old price of 3*l.* 17*s.* 10½*d.* an ounce.' Now what is the meaning of this? The *only* meaning of an ounce of gold for 3*l.* 17*s.* 10½*d.* is *simply*

this, that it is the relation which silver bears to gold with respect to value. When you had a double standard, you said that a pound of gold should be coined, I think, into 44 guineas ($44\frac{1}{2}$ guineas), and that a pound of silver should be coined into 62 shillings ; and you made each of them a legal tender ; and if you will make the calculation you will find that a pound of gold being coined into 44 ($44\frac{1}{2}$) guineas, and a pound of silver being coined into 62 shillings, the relation of gold to silver is about $15\frac{2}{3}$ to 1. What, then, is the meaning of now asking that the Bank should issue gold at the rate of 5*l.* an ounce ? . . . Depend upon it, that if you attempt to say, that one ounce of gold shall not represent 3*l.* 17*s.* $10\frac{1}{2}$ *d.* in silver, but 5*l.*,—silver and gold will be more powerful than your legislation, and you will find it utterly impossible to alter the relative value of silver and gold."

You think, Sir, that you have got your antagonists on the hip, but you are mistaken : you will be thrown yourself. The truth is, that the ounce of gold *did*, at a certain period of the late war, *represent* 5*l.* in silver, and this without any alteration of the relative value of the two metals. The silver coin was diminished to keep proportion with the gold by the issue of bank tokens ; so that, when an ounce of gold was worth 5*l.* the silver which was previously coined into 3*l.* 17*s.* $10\frac{1}{2}$ *d.* was coined into 5*l.* The Spanish dollar, for instance, which was previously reckoned to be worth 4*s.* 2*d.* was stamped anew by the bank and made to pass for 5*s.* You

have evidently misunderstood the question at issue, as well as misapprehended the facts of the case. It does not concern the relation of the two principal metals to each other in respect to quantity, but their joint and equal relation in that respect to the denominations of our coins. If gold is reduced, silver is equally reduced, and so also is copper. It is not quite correct therefore to say, that the *only* meaning of an ounce of gold for 3*l.* 17*s.* 10½*d.* is the relation which silver bears to gold with respect to value. It has other meanings, — 1. It is that relation which gold itself holds to the denomination of our coins. An ounce of gold, containing 480 grains, is equal to three sovereigns of 123 grains, and $\frac{18}{20}$ ths of another sovereign, or more exactly, one-eighth of a twentieth less. This is a relation which would exist if we had no silver coin at all. 2. It is that relation which an ounce of gold bears to 3*l.* 17*s.* 10½*d.* in copper, a relation which has remained, for aught we know to the contrary, thousands of years undisturbed, while that of silver, within the last 250 years, has undergone a change in value equal to 50 per cent. 3. It is that relation which all these metals, but *gold* especially, because it is now our *standard measure* of value, did bear to paper money during a certain period of the late war. This is clearly the sense which the Birmingham writers had in view when they thought it “a monstrous injustice and folly,” as you say, “to tie down the Bank to issue gold at 3*l.* 17*s.* 10½*d.* an ounce :” and that this was pro-

bably the true sense you appear to have had some consciousness, when you follow up your own question, "What, then, is the meaning of now asking that the Bank should issue gold at the rate of 5*l.* an ounce?" by adding, "I perfectly understand you *if you say* that all those who have contracted debts or engagements shall be allowed to pay their debts in that way — that is, 5*l.* being, in the payment of a debt, an equivalent to what 3*l.* 17*s.* 10½*d.* used to be; and if you mean to enact that, *enact it simply*, — make that the *discount from the debt*."

Passing over this recommendation for the present, I would only observe that, as these are all the proofs you have brought before us of the utter incompetence of these Birmingham gentlemen to understand the question of the currency, — as this last is alone a *conclusive proof with you* of their being wholly unacquainted with the subject of the measure of value, — may I not be allowed to ask, whether, after the pleas which are here advanced in mitigation of damages, you do not think that in candour you might pronounce a more lenient sentence on them and their town than this: "I wish to do justice to all parties, and I say at once, that I do not believe that in *any other town than Birmingham* this publication could have been produced; and I do not believe that it is in the power of *any one man to write so much nonsense* as is contained in it."

Now, Sir, with respect to your recommendation that they who think that they are injured by the

altered value of money since the ounce of gold was reduced from 5*l.* in paper money to 3*l.* 17*s.* 10½*d.* should endeavour to obtain redress by means of a separate enactment, — making that difference a *discount from the debt* — let me, in the first place, say, that though I have no doubt this is your meaning, your language bears a different construction. I take for granted, however, that you mean the reverse of what your words, as they are reported, imply; and that 3*l.* 17*s.* 10½*d.*, “being, in the payment of a debt, an equivalent to what” 5*l.* used to be, “all those who have contracted debts or engagements shall be allowed to pay their debts in that way.” This meaning is borne out by another passage, as follows: — “Observe, I do not deny that that may produce matter for consideration. All contracts, during the *inconvertibility of paper*, having been made through a *different medium of exchange*, when you *restore* that convertibility, that subject may *demand consideration*. But I only want to convince you what is *now* the measure of value.” These, Sir, are indeed important words: they compel us to believe that you are not unfriendly to the principles of an EQUITABLE ADJUSTMENT, so zealously advocated by the late Mr. COBBETT. What boundless triumph would have been his, had he lived to see this day!

That you may see at one view the extent, number, and frequency of the alterations which have been hitherto made in our measures of value, I now lay before you a Table of the Weight of Actual Coins drawn up from documents as given by Leake and Ruding, and based, as I conceive, on the firmest and safest evidence — that of the intrinsic value of each coin in comparison with our principal measure of value, *gold*, at the present day.

I have given the priority in this Table to the gold coins; because, whatever we may fancy with respect to silver being our *standard measure*, the fluctuations in regard to intrinsic value which our silver coins underwent continually from wear and clipping, show them to be an unsafe criterion; and also because, in every country where a gold coin has been minted, having proper relation to the silver coins, that gold coin will ever be found the truest register of the variable value of those silver coins. The every day transactions of business in common life were carried on by means of clipped or defaced silver coins, of which great complaints were constantly made, as defrauding the people of their just recompence; but far beyond any influence of this kind ranged the gold coin, in which, or in silver coins of full weight, the foreign merchant took care to be paid, and which therefore constitutes the best *standard measure* to which we can appeal. This reference to gold is in accordance with your own views as expressed in your speech, as it is also with those of Harris, whose authority

you so highly esteem. "As Mr. Harris said, make what regulations you will about the payment of your own debts, cheat and rob yourselves if you will, you will still have the foreigner to contend with: he will not be bound by your legislature, nor will you yourselves." But how remarkably your favourite author proves my case, while he contends that gold was *not our national standard!* He says—"It hath been before observed, that merchants will reckon by that metal which is most common in large payments: *all coins* are with them, in effect, *mere bullion*. They have no regard to names or local institutions: the real quantity of pure silver or pure gold, which they give and take in exchange for other commodities, is what they reckon by. And it is very manifest by the course of exchange between us and all the world, that *gold here is the standard of merchants*: this for them is most profitable, because gold here goes *farthest in the purchase of our commodities*, but with what loss to the nation doth not fall within our present consideration."*

* Essay, part ii. p. 91.

TABLE

OF THE WEIGHT AND VALUE OF THE PRINCIPAL GOLD AND SILVER COINS FROM THE EARLIEST PERIOD TO THE PRESENT TIME.

Reigns and Dates.	Names of the Principal Coin in each Reign.	No. of Gold gr. in £1. Sterling.	Value in Gold grs. at 2d. each.		Pound wt of Silver coined into	
		<i>grs.</i>	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
1 W. 1. 1066.	Penny, at 1d. -	576	96	0	20	0
4 E. 1. 1275.	Ditto -	—	—	—	20	3
19 E. 3. 1345.	{ Noble, 6s. 8d. - 145 $\frac{3}{4}$ grs. }	437	72	10	22	6
21 E. 3. 1347.	{ Ditto - - 137 grs. }	411	68	6	—	—
26 E. 3. 1352.	{ Ditto - - 128 grs. }	384	64	0	25	0
13 H. 4. 1412.	{ Ditto - - 120 grs. }	360	60	0	30	0
4 E. 4. 1465	{ Rial, 10s. - 128 grs. }	256	42	8	37	6
1 H. 7. 1485.	Sovereign, 20s. -	—	—	—	—	—
18 H. 8. 1527.	{ Noble, 6s. 8d. - 71 grs. }	213	35	6	45	0
35 H. 8. 1543.	Sovereign, 20s. -	200	33	4	48	0
37 H. 8. 1545.	Ditto - -	192	32	0	—	—
4 E. 6. 1550.	Ditto - -	169	28	2	72	0
6 E. 6. 1552.	Ditto - -	174	29	0	60	0
1 M. 1553.	{ Angel, 10s. - 80 grs. }	160	26	8	40	0
1 E. 1558.	Sovereign, 20s. -	174	29	0	60	0
44 E. 1601.	Ditto - -	172	28	8	62	0
3 J. 1. 1605.	(Unit), 20s.* -	155	25	10	—	—
4 J. 1. 1606.	{ Angel, 10s. - 71 grs. }	142	23	8	—	—
11 J. 1. 1613.	{ Ditto - - 65 $\frac{1}{2}$ grs. }	131	23	1	—	—
18 J. 1. 1620.	(Laurel), 20s.* -	140	23	4	—	—
15 C. 2. 1663.	(Guinea), 20s.* -	129	21	6	—	—
56 G. 3. 1816.	Sovereign, 20s. -	123	20	6†	—	—

* All these coins of 20s. were called Sovereigns.

† So estimated as being reckoned at 2d. per gr.

You will see, Sir, from this Table, that the changes in our *measure of value* have been far more numerous than you were prepared to expect, from consulting only the recorded changes in our silver coin. I have retained only the *direct alterations of the measure*, omitting those proclamation-changes in the estimation of coins already current, which would have swelled the list to a much larger extent. You will see, also, how much greater has been the value of our coin in former times than now. We have but an imperfect notion of this from comparing silver coins formerly with those now in use. The gold coin alone can teach us the true value of the silver; and from this it appears that in the time of the Conqueror (in fact for 400 years before his arrival here) we had a silver penny in common use for the every-day transactions of life, worth four pence of our present money; and a silver pound of 240 pennies, equal in weight and purity to 4*l.* 16*s.* of our present gold coin. I have completed the gold equivalents for A. D. 1066 and 1275 by inserting the number of grains, according to the proportion of silver to gold recognised in those days, viz. 10 to 1. (Ruding makes it as high as 9 to 1 in 1105, the fifth of Henry I.) The gold coins we had then consisted of *florins*, *bezants*, and other foreign coins; in imitation of which our first gold coin, which was struck in January, 1343, was called a *florin*; but as it was too light in comparison with silver, being the weight only of 108 grains, yet ordained to pass for

six shillings, it was refused by the public. In July, 1345, an original English gold coin was ordered to be made, called a *noble**: and it was ordained concerning this gold coin, and the new silver coin struck at the rate of 25s. for the pound weight, "that *none refuse* the gold and silver money, the *gold money* at 20s. *sterling*." This was therefore not only our first gold coin, but it constituted at that time our proper *gold pound*. "But at the same time it was enacted, that none should be compelled to take the said new money, *within the sum of 20s.*, against his will:" that is, the gold

* "The occasion of striking this famous coin was not, as *Rapin* (vol. i. p. 428.) invidiously suggests, to perpetuate the memory of an action of little importance, namely, for clearing the channel of (what he calls) a few *corsairs* (which, nevertheless, was a memorable action), for they were coined four years before; but to assert King *Edward's* dominion of the seas, and title to *France*, and to commemorate his great and glorious naval victory over the *French* fleet, in 1340, the greatest that ever was obtained at sea before by the *English*, and the first where a king of *England* had commanded in person, wherein the *French* are said to have lost 30,000 men; an action worthy the monarch of the seas, and to be transmitted down to us, after the *Roman* manner, upon the best gold money; so that this coin may truly be called *noble*, as well for its beauty and value, as the subject it commemorates, and, indeed, may be esteemed a medal as well as a coin.

"This great prince is, therefore, very properly represented upon these nobles as sovereign of the seas, standing triumphantly in a ship, completely armed, the crown upon his head, a naked sword in his right-hand, and shield in his left, whereon, as asserting his title to *France*, he quarters the arms of that kingdom, (being *semé de lys*) in the first quarter with the arms of *England*." — *Leake's Historical Account of English Money*, p. 105.

coin at 6s. 8d. was not to be considered a *legal tender* for a less sum than 20s. Thus for the payment of 20s. or more, our *gold pound* was ordained to be from the beginning, as it has ever since been, a legal tender; while the silver coin was, on the other hand, a legal tender for all sums under 20s. I have taken some pains to make this matter clear, for it changes the aspect of the case altogether from what you supposed it to be, to find that the reason why our silver coin was considered a legal tender was not its superiority to gold, but its inferiority. It had that privilege only within the limit of 20s. Beyond that limit our gold coin was always the legal tender, and therefore it was our *standard measure*. As the gold, however, retained its value much better than the silver coin; and, as though made a legal tender for 20s. and all larger sums, it was not *forbidden to pass for more*, it soon began to rise in value in relation to silver, so that an *agio* was payable on it—a *premium* was given for it—which premium marks the difference in value, the degree of depreciation, which the silver coin had experienced.

Thus, Sir, if you were now to restore, as you profess to do, the true *standard measure* of value which we had in 1601, and were to allow our present silver coin to be a legal tender for all sums below 20s., you would rigidly comply with the rules and regulations prescribed in our earliest ordinances concerning coin. At this period, then, we should have a gold pound, called in the time of

Elizabeth, as well as now, a *Sovereign*, authorized to pass for 20s., but *permissible to pass for more* if the public should choose to pay an *agio* upon it; which sovereign, in relation to our present shilling (weighing $87\frac{1}{4}$ grs.), would command an *agio*, or premium, of more than 50 *per cent.*, being equal in value to 31s. The merchant, therefore, and the foreigner, on whom you keep so watchful an eye, and whom you warn us that we cannot defraud ("raise," you say, "your sovereign to 22s. or 23s. if you will, but it will not have any corresponding effect abroad"),—the foreigner, I repeat, will come here and sell his goods for our measure of value in silver; he will then exchange those silver coins for gold, or pick and cull the heaviest of them, and take back more bullion by either operation than he is entitled to receive.

This is well expressed by Mr. Locke, who remarks that "clipped and unclipped money will always buy an equal quantity of any thing else as long as they will without scruple change one for another. And this makes that the foreign merchant, who comes to sell his goods to you, always counts upon the value of your money by the silver that is in it, and estimates the quantity of silver by the standard of your Mint, though, perchance, by reason of clipped or worn money amongst it, any sum that is ordinarily received is much lighter than the standard, and so has less silver in it than what is in a like sum new coined from the Mint. But, whilst clipped and weighty money will equally

change one for another, it is all one to him whether he receive his money in clipped money or not, so it be but current; for if he buy other commodities here with his money, whatever sum he contracts for, *clipped* as well as weighty money equally pays for it. If he would carry away the price of his commodities in ready cash, 'tis easily changed into weighty money; and then he has not only the sum in tale that he contracted for, but the quantity of silver he expected for his commodities according to the standard of our Mint." *

If there is no *agio* acknowledged on our gold coin, and all men are forbidden, as they were during the late war, to sell the sovereign for its worth in silver coin, the foreigner will rob us in our coins of half as much more as he is properly entitled to receive; for which fraud upon us, when the gold is gone, our industrious artisans and manufacturers will have to pay the penalty. Their goods must be sold abroad for ruinously low prices to bring back the gold; and again the foreigner will come and take it away, and so we shall go on playing the same losing game for ever. If, on the other hand, the right be legally acknowledged to an *agio* on gold, in proportion to the degradation of the silver coin, then what becomes of our labourers, and of all those who are compelled to

* These remarks were made in 1691, when a new coinage was in agitation, and Lowndes, Secretary of the Treasury, proposed that the shilling should be reckoned as 1s. 3d., the crown piece as 6s. 3d.

receive payment of wages below 20s. in this legal tender money, this silver coin, which demands 50 *per cent.*, or 3s. in the place of every 2s., to bring it up to its proper value?

The real cause of any difference arising between the two measures of value, after they had been once adjusted to each other in our coinage, has generally been that the coin of less value, the silver, forms the medium of payment for all the commodities which the great bulk of the people have occasion to purchase; and that the gold coin, being of greater value, and payable only in transactions of greater magnitude, is chiefly looked after by the foreigner, and by those at home who form the wealthier part of the middle and higher classes. Now as taxation presses on the poor man most of any, because he cannot devolve it from himself upon any class beneath him; as he must pay, as far as he is able, the *taxation prices* of those commodities on which excise and custom duties are charged; as his wages cannot be increased to allow him to do so without at the same time increasing the price of his labour, and that of the goods which he is employed in producing, beyond their natural or gold level, —and yet must get higher wages or starve; —the coin by degrees gets clipped, or is reduced by wear, and so helps to eke out his means by a small increase in his weekly pay, till prices are found to rise in this money, without any corresponding rise of prices in gold. So the clipping generally went on until it attracted the notice of government, and then steps were taken to

correct the evil ; but the same cause being still left in existence, began again, ere long, to produce the same effects. One of these great depreciations of the silver coin, in comparison with gold, was that, Sir, of which you have given some account in your speech : I mean that on which Mr. Locke's opinion was taken. The difference between the silver and the gold coin, was nearly as great then as it would be now, if we had our present silver coin, and the gold sovereigns of 1601, in circulation together. "The price of a guinea was 30s." as you say. The remedy, of course, was to restore the silver coin to its due weight in relation to gold, and to preserve it afterwards from experiencing any depreciation.

The means taken were effectual for a time. By the re-coinage it appears that the deficiency was equal to 48 per cent. : that is, the silver coin required that addition to bring it up to its proper value in relation to gold, as estimated by our Mint regulations. As seven millions were recoinced, the loss was nearly equal to three and a half millions, which loss was borne by the whole country. What a trifle this seems to us in comparison with those losses, Sir, which were brought on certain classes of the people, not on the whole nation, by the restoration of our depreciated money at the end of the late war !

When the money was restored in 1697, the scarcity of it was so great, owing to the scanty supply of Bank paper, and the funding of government securities, that no taxation could be added to prices.

On the contrary, Bank notes were actually raised to a premium of 12 per cent. against our silver coin. This may be conceived possible when we find that in 1696 there were 14 millions of government securities afloat, having all the currency of paper money, of which sum, the Bank issues formed 1,200,000*l.*; and that in 1698, the whole of the circulation in paper money consisted only of Bank issues to the amount of 1,240,000*l.*; which sum was reduced in 1699 to 519,000*l.*: in 1700 it amounted to 781,000*l.* Whether those Exchequer notes ought to be added to this sum, which were issued for 5*l.* and 10*l.*, in 1696, I much doubt:—they were probably taken up by the Bank at this time. As they “soon rose from a small discount to be better than *par*,”* it is certain they could not tend to alleviate much the pressure for money.

“This coinage,” says Ruding, “was completed in 1699, when something short of seven millions of silver money were coined; and yet so early as the seventh year of Queen Anne (1708) it was found necessary to give further encouragement to the coinage of silver money, by offering a premium upon every ounce of foreign coins, &c. that should be brought to the Mint within a limited time; and in 1717, not more than eighteen years after the recoinage, Sir Isaac Newton said, in his report, ‘If silver money should become a little scarcer, people would in a little time refuse to make payments in

* Anderson, Anno 1696.

silver without a premium.' " * The gold coin, still remaining on the footing of an *agio* coin, was capable of a rise in price; but as no one was forced to take it at any higher price than 20s., it did not assist the circulation. To give it currency so as to relieve in some measure the distress, a proclamation was issued on the 22d of December, 1717, in consequence of an address of the Commons, which ordained, "that no person whatever should utter or receive any of the pieces of gold coin of England, commonly called guineas (which in the Mint were coined only at 20s., but had been current at 21s. 6d.), at any greater or higher rate or value than 21s., and so proportionably for larger or smaller pieces." — "This was intended," says Ruding, "to bring them nearer to their value in silver bullion, which was stated by Sir Isaac Newton to be 20s. 8d. It differs from *all the former proclamations* respecting the value of guineas, which only declared at what rate they should be current, but did not *oblige any person to take them at that rate.*"

The ultimate effect of these proceedings was a degradation of both silver and gold coins; for as taxation could not, by these enhancements of the coin, be in the least added to natural or metallic prices, so long as the coins were of full weight, the only chance of relief lay in the diminution of the coins. In 1710, silver which was rated at 5s. 2d. an oz. in coin was bought by the Bank for 5s. 3d.;

* Ruding, iv. 445.

in 1728 for 5s. 6d. ; and the same in 1739.* In the latter year the shillings were deficient from 6 to 11 per cent. ; the sixpences from 11 to 22 per cent. "They were likewise very scarce."† In 1740 and 1741, the Bank bought silver at 5s. 7d. and 5s. 8d. an oz. In 1750 the Bank and Excise notify that they will not take guineas *wanting* 6 grains in weight: this is a deficiency of 1s in the pound or 5 per cent. In 1758, the Bank paid 5s. 7d. an oz. for silver ; and in 1760, Lord Liverpool estimates the deficiency in shillings at one-sixth, and in sixpences at one-fourth.

In 1774 it was enacted that all guineas deficient in weight beyond 5 dwts. 8 gr. (the Mint weight being 5 dwts. 9 gr.) should *not be current*, or pass in payment, "thus making gold no longer *money*."‡ "This measure appears," says Ruding, "to have been in direct opposition to the *true principles of coinage*, and to have reduced the money in a great degree to the *state of bullion*, after a considerable expense had been incurred in order to give it a character totally distinct."§ We have since then completed the operation by forbidding any sovereign to be a legal tender which does not actually weigh its full Mint weight of 5 dwts. 3 grs. In 1774 it was also enacted that no tender of any sum in silver coin exceeding 25*l.* at one time should be allowed

* See Returns printed for the House of Commons, March 11. 1811.

† Ruding, iv. p. 15.

‡ Ibid. iv. 45.

§ Ibid. iv. 53.

as a legal tender; but in 1816 this sum was further restricted to 40s. In 1819 bank notes were made payable on *demand in gold* at 3*l.* 17*s.* 10½*d.*, which is the value of *gold bullion* in our coin, estimated by *weight* alone. We have therefore now *no money in England*, except silver coin payable to the amount of 40*s.*, and copper coin payable to the amount of 12*d.* No other is a *legal tender*: no other, therefore, is *money*. *The victory over money is complete!*

Yet after all, not so complete as you, Sir, seem to wish. You would

“Make assurance doubly sure, and take a bond of fate,”

by waging further war against the *promissory notes* which are *payable on demand in sovereigns of full weight*. In your zeal to destroy every vestige of those means by which the taxation imposed on commodities may be added to prices, you call these notes *money*, and in that character would persecute them to the death. In the confidence of power, or “uncaring consequences” under the panoply of that fearlessness which is sometimes seen to abound in proportion as actual knowledge is wanting, you say, “*When I speak of money, I mean by money the coin of the realm, or I mean promissory notes payable to the bearer on demand, payable in the coin of the realm.*” Now, Sir, we have seen that the coin of the realm is no longer *money*, because it is *bullion* valued by weight; therefore these *promissory notes to pay bullion* cannot be *money*. They

are nothing more nor better than the old *goldsmiths' notes*, which were common in England before *bankers* sprang up and by dealing in paper money ran away with the *goldsmiths'* customers. You have really no more right to interfere with the *notes* in which a banker promises to give on demand a certain quantity of bullion of specific fineness to the bearer in exchange for that note, than you have to interfere with the concerns of the lead merchant, the copper smelter, the tin merchant, the iron master, the corn merchant, or any other of the many trades which are carried on this country, wherein men enter into engagements with each other to fulfil a certain contract whenever called upon. You have exceeded your commission. It does not extend so far as to give you the privilege of interference in matters such as these. If it did, you would be, indeed, the most powerful inquisitor into, the most absolute controller of, the destinies of men with regard to their personal interests, their private engagements, their domestic concerns and business arrangements, that has been heard of since the time of Pharaoh.

I am surprised, Sir, that in your position as a minister, and with your inclination to become acquainted with the subject of the *currency*, it never occurred to you to consider the effect which indirect taxation would be likely to have in raising

prices ; and, secondly, the effect which these increasing prices would have on the *measure of value*. Had you turned your thoughts in that direction, you would have been rewarded for your trouble ;— you would have been convinced of the insurmountable nature of the difficulties which you have to contend with, according to your present notions concerning money. It must be obvious to every one on reflection, that taxes levied on commodities of general use have a necessary tendency to enhance the prices of those commodities, and that all the working people who buy those commodities must charge again a higher price for every thing which they contribute to produce, or they are injured. This effect is contemplated when such taxes are levied. It is understood that they are to be repaid to the producer, by his being authorized to increase the price of his goods to the consumer in order to recover them ; and yet, according to your notions of money, he is to have no means afforded him of making this increase.

I have already pointed out, as a necessary consequence of this incongruity, that it formerly engendered or favoured the practice of clipping coins, which, yielding a small increase of price, from the greater number of pieces of coin, without increasing the metallic value of the goods, brought some relief. But while we were engaged in the late war, and for some few years previous, greater relief was experienced from the issue of Bank notes for small sums, thereby superseding the use of coin.

The Bank of England, which had before 1759 issued no notes for a less sum than 20*l.*, in that year began to circulate notes for 10*l.*, and in 1793 for 5*l.* Previously to this, however, many country banks issued notes both for 5*l.* and 1*l.*, and, I believe, sometimes for much lower sums. By the aid of this paper money, under the increased taxation required to carry on the war, prices experienced a corresponding rise; and bullion, which was to be had at the Bank without any advance of price, began to be called for in such quantities for exportation, that the Directors were apprehensive of a stoppage. As early as October, 1795, we learn, from a letter of the Governor of the Bank of England to Mr. Pitt, that the price of gold in the market was 4*l.* 4*s.* per oz.* In March, that year, the Bank had 7,940,000*l.* in its coffers; but on Saturday, the 25th February, 1797, it was found that this sum had been reduced to 1,272,000*l.*, "with every prospect of a violent run taking place on the following Monday." An Order in Council to *suspend cash payments* was, in consequence, issued on the intervening Sunday.†

You are one of those, Sir, who disapprove of that proceeding. You have stamped your opinion of the measure by calling it a *fatal* one. It must have cost you some effort to use that word, considering the censure you thereby cast on the un-

* Return, ordered April, 1811.

† Smith's Wealth, &c., by M'Culloch, vol. iv. p. 263.

derstanding or principles of the minister who not only proposed it, but who, in fact, took the whole responsibility of the advice which he gave the Council on himself alone, — considering also how warmly that constant friend of Mr. Pitt's, your respected father, from the first approved, and to the last supported it. But no one can blame you for the honest expression of your own sincere opinion: they must, on the contrary, applaud the strength of principle which enabled you, in the discharge of your duty, to rise superior to the claims of party connection, personal regard, and natural affection.

I could hardly wish that, under these circumstances, you should ever be led, on further consideration, to retract your censure: nor are you likely. There was a time when it seemed due to your own character that you should make all the amends you could for that which many deem a far *more fatal* measure; but all hope of that is now passed by, and you stand committed to both judgments: you see nothing to *approve of* in Mr. Pitt's measure, and nothing to *regret* in your own.

We are not told in what respects you consider Mr. Pitt's a *fatal* measure. Was it for the country? Did it cause us to make a precipitate and inglorious peace? Did it oblige our armies and fleets to be recalled to our own shores in a mutinous condition? Did it expose us to the taunts of an insulting foe, threatening and preparing to invade our country? Did it cause us to apprehend a revolution at home

from the spread of French Jacobinical sentiments? Did it ruin our agriculture, our commerce, our manufactures, our home trade? Were our labourers and artisans in consequence ill paid—our poor-houses and gaols crowded—want and misery spreading like a leprosy throughout the land? Did that *Bank Restriction* cause our bankers, merchants, and traders to fail in vast numbers, to which no previous portion of our history can relatively produce a parallel? You know, Sir, that the *Restriction Act* did none of these things; but that the *rescinding of that Act* by your Bill of 1819 is thought by many to have produced a considerable *portion* of these calamities.

You do not mention any of these evils as the reason of your objection to Mr. Pitt's measure: you plainly intimate, on the contrary, that it was a *fatal* measure on other accounts, viz., because it "disturbed not only the *speculations* but the *theories* and *notions* of men with respect to the standard of value;" and because, as early as "1810, *men of sagacity* observed, that the exchanges had been for a considerable period unfavourable to this country." These are all the reasons assigned; and whether there is anything in them to justify the epithet you have employed, "a *fatal* measure," let any one of common sense decide.

The "speculations," "theories," and "notions," which it disturbed may have been properly disturbed; and if so, no harm could accrue from that. The men who entertained them may have thought,

as you think now, that prices could not have risen but for the use of an inconvertible paper money; that they ought not to have risen; and that, therefore, the *Restriction Act* was a *fatal* measure, because it *enabled them to rise*. But if taxation on certain commodities is increased, why should not the prices of those commodities be increased, and after them the prices of all others incidentally affected by their rise? You have never said a word upon this subject, and probably have never given it a thought: but it is far more important to be understood by a minister of this country than you are aware, or you would not have treated it so slightly.

It is made a great matter of complaint with you that the *exchanges* had become unfavourable to us, which was of course the fault of the *Restriction Act*. In general, Sir, when I hear any one speak in this manner of the exchanges, I am pretty sure he is unacquainted with the operations of which he is talking. But when you add, that "men of *sagacity*" observed, in 1810, that they had been for a long time unfavourable, it is difficult to refrain smiling at the mock profoundness and humorous gravity of the remark.

What should you think of a stockbroker, whose business it was to watch the funds, if he, after the lapse of thirteen years, wherein there had been a gradual rise, began to perceive at last that prices had been for a considerable period advancing: would you call him a man of *sagacity*? And with regard

to the supposed calamity of an advance in the exchanges, should you think it a *calamity*, if, when the prices of goods have been for a number of years advancing among ourselves by the necessary addition of taxation, the rise in the exchanges should prevent the foreigner from realising those same high prices in bullion, and thus preclude him from taking out of the country a greater quantity of the precious metals than he ought to have? Yet this, Sir, is the effect of what is called by the merchants an *unfavourable state of the exchanges*. These matters ought to be so well understood by a minister of this great commercial nation, that he should be in no danger of making such mistakes in speaking of them.

Let us now see why the exchanges had become unfavourable. Those taxes, which for the seven years from 1798 to 1804 were 30 millions a year, were for the seven years from 1805 to 1811, 47 millions a year (exclusive, in both cases, of property tax). This increase naturally caused an increase in the prices of all goods, which were raised not less on the average than 17 per cent. in consequence. The rise of the prices of goods, being expressed in paper money and not in gold, rendered it necessary that bills drawn from abroad on England, and payable in Bank notes, should be drawn for this *increased sum*, that in return the foreign creditor might receive *that sum in gold* which he had in his own mind bargained for. Do you see any thing wrong in all this, taking the three operations into

account as parts of the same system, — 1. the taxation; 2. the rise of prices in paper money; 3. the difference in the exchanges restoring prices to their former gold level, and giving the foreigner no advantage in dealing with us on account of any rise of prices among ourselves? There can be nothing to object to, but every thing to approve of. Yet this, Sir, is all that is really meant by your observation — that the exchanges had been for a long time unfavourable to this country.

But you say *Mr. Horner* and the Bullion Committee condemned the system pursued under the Restriction Act; and *Mr. Locke* and *Sir William Petty*, and *Mr. Harris*, entertained the same opinions on the subject which these gentlemen did. This is the most astonishing case I ever heard of; — that three men, who lived and died from 50 to 100 years before a certain complicated and unprecedented transaction took place, “and who had not been familiar with inconvertible paper currency,” as you with great *naïveté* observe, should yet “arrive at *precisely the same conclusions* with the Bullion Committee.” If they, who knew *nothing of the case*, as you justly say, are judged by you the fittest persons to produce as *witnesses* in its favour, then, Sir, those persons must surely have been mistaken in their estimate of your mind, who supposed you would have made an excellent lawyer. Petty, Locke, and Harris spoke only of the depreciation of the silver coin by wear and clipping, and about the best means of restoring and preserving it. Their

case was altogether a different one from ours : for, though taxation was in some degree the *cause* of that depreciation or degradation of the silver coin which then existed ; yet, when we consider the altered circumstances of the country, that, at that time, in 1693, our revenue was only 1,570,000*l.*, while in the year 1810 it reached the enormous sum of 63,719,000*l.* (including property and income tax), we shall see sufficient reason to conclude that, with all their knowledge, *Petty, Locke, and Harris* are not fit persons to be produced as *compurgators* of Mr. Horner and the Bullion Committee.

With one more instance of most curious misrepresentation I close this criticism, wearisome to me, and not likely to be agreeable to you. Seeking, as it would seem, for a precedent or parallel to the case of interference with Bank issues, which was made by you in your memorable Bill of 1819, you speak as follows :—“ Now at an early period in the history of the Bank, when there was an entire confidence in its stability—(I speak of more than a century ago)—when the shares that had been issued at 60 were at 112,—*at that time* the *Bank paper* was so depreciated that a guinea in gold was worth 30*s.* in *paper*, the same being the case as regarded silver, and the exchange was greatly against this country. What did the *Bank do* ? They had lent *large sums to the Government*, they had lent money on *mortgages* and in other ways, and they had sent out *large issues of paper* until they lowered the

value of their paper, until the *price of a guinea* was 30s. What, I say, did *the Bank do*? They took the advice of *eminent men*, and they determined to limit the number of the promissory notes they issued. The consequence was, that the exchanges became in our favour, and the value of these notes was restored." It is certainly a case most remarkably in point; so exact that had it been manufactured for the occasion it could not have fitted better. It supplies a precedent which forms a complete justification of the course pursued with respect to the Bank, in the working of your Bill of 1819.

"But are ye sure the news is true?" —

The recorded facts are very different from this statement. According to them, the *Bank shares* were not issued at 60, but at 100*l.*: they rose to 112: but *at that time Bank paper* was not so depreciated that a guinea sold for 30s. in paper. *Bank paper* was at no time so depreciated that a guinea sold for 30s. in paper. The Bank lent its capital to government, but it had not lent money on *mortgages* nor sent out *large issues of paper*. The *Bank did nothing*, though some of the Directors were, no doubt, among those *eminent men* who gave their advice, of whom we have many now who can give advice to the Government which is to turn to their own advantage. The real facts are briefly these:—*Government securities*, such as Exchequer tallies, the original of our Exchequer bills, which had been issued at 100*l.*, had fallen to 60*l.*, being

at a discount of 30 to 40 per cent. The amount of them in the market would account for this fall : between the years 1689 and 1697 they formed an unfunded debt of no less than 21,515,000*l.* " In 1698," says Dr. Davenant, " we had upwards of fourteen millions in tallies, lottery tickets, Bank stock, malt tickets, and securities of the like nature, which went from hand to hand, having their foundation in the public faith." " That credit," he adds, " which the Exchequer had once obtained served all the uses of trade full as well as any formal established *bank could have done.*" The *Bank of England* had nothing to do with this issue : it was altogether an affair of the government. The Bank itself was not incorporated till July, 1694, when it began by lending government its capital of 1,200,000*l.* Its stock formed, therefore, but a small portion of the whole unfunded debt. It began by issuing notes of the value of 20*l.* and upwards ; but it could not pay its notes either in gold or silver. In 1697 they were at a discount of 15 to 20 per cent, and the Bank was " necessitated to pay those notes only by 10 per cent once a fortnight, and at length to pay only 3 per cent on those notes once in three months." When the silver was raised to its full weight by the recoinage in 1697, and these government securities were funded, *then the Bank began to act* ; and it raised the value of its shares to 112*l.*, (including the tallies, which it had purchased to the amount of 1,000,000*l.*, and added to its capital,) because then it had the con-

trol of the money of the state, and could make it as scarce and as dear as it liked. "By these means (says Anderson) the *greatest estates were raised in the least time*, and *the most of them*, that had been known in any age, or in any part of the world."

The facts of the case, therefore, turn out on inquiry into them to be very different from the account which you, Sir, have given of them, especially so far as the Bank was concerned; but there is still a resemblance in the proceedings of 1698 to those which were instituted for raising the value of Bank notes in 1819, in this respect, that *by the same means*, in this latter period as in the former, *the greatest estates were raised in the least time*, and *the most of them*, that had been known in any age, or in any part of the world.

I have now, Sir, stated, with as much freedom as an Englishman ought, but with as little offence, I trust, as the necessity of making so many pointed contradictions would allow, my objections to the principle on which your new currency measure is founded, and to the presumed facts by which it is supposed to be established. It is now my more pleasing duty to say a few words in recommendation of a system of currency directly the reverse of your own; of which system I think I shall not be accused of speaking too highly if I say, that it has the advantage over yours in regard to *Simplicity, Expediency, Justice, Humanity, and Policy.*

Your system is founded, as I think, on a false notion of money. You believe that gold and silver, as commodities, when coined into pieces of convenient size, authenticated and *found* to be of a certain weight and fineness, are *money*: whereas I contend, on the other hand, that they are, after all, mere bits of bullion, objects of barter, which we might have current among us just as easily and as well, if we had no government at all to take any thought or care about them. They want no sanction of the government: it adds nothing to their value. If the Court of the Goldsmiths' Company were to issue coins on the same principle as the Mint does, it could do it as effectually and as usefully; and, therefore, we have nothing to thank the government for in coining what you *call* our *money*. We should do just as well if we took that trouble off your hands, and set up an independent *gold issuing* bank of our own. Mr. Burke, who had more statesmanlike knowledge than falls to the lot of most members of Parliament, or ministers either (begging your pardon!), saw this clearly. The Act of 1774 made our gold coin, as Ruding says, no longer *money*, by reducing it to the condition of bullion. Mr. Burke perceiving this, proposed, in his Economical Reform Bill, in 1780, that the *Mint* should be abolished because it was expensive, and that the *Bank* should supply all the money.

Sir, was there ever before in the world a civilised country, enjoying a regular government, which had only such a circulating medium for its people as

that which you propose? Was a country like this ever known in which there was not a *government money in circulation*, which depended for its value, (not among other people, but) among the people of that country in which it was issued, on the circumstance that whether it retained its original weight or not, the government which issued it would receive it again in taxation at the same rate at which it was issued? Failing in this, was it not considered to have broken faith with the people? We had such money from the earliest times to the year 1699. The Bank of England then usurped one of the highest prerogatives of the crown, and by degrees introduced a system of *money* "falsely so called," which was little better than a system of bits of bullion. But again in 1797 we had a sort of *government money*, by means of Bank of England notes, which were received as such in payment of taxes, and generally in all transactions of business. Lord King broke through the charm, in 1810, by requiring gold to be paid for the rents of his farms, or so much paper as would enable him to purchase the gold. In 1811 the case of De Yonge and Wright established the fact that the exchanging guineas at a higher price than their current value for notes of the Bank of England was not an offence against that statute (5 & 6 Edw. 6. c. 19.) which required an exchange of coin for coin. But to remedy this a new act was passed in July 1811, equalising all payments in gold and bank notes, and forbidding, as a misdemeanor, any one making

a difference. Thus Bank of England *notes* were not allowed to be bought with guineas at a *discount*, which was the defence set up by De Yonge when he was charged with having bought *guineas* at a *premium*. But this statute did not make provision against the recurrence of such a case as that of Lord King's, and therefore Bank of England notes were still left defective as a *legal tender*. In 1819 they were deprived by you of even that shadow of royal privilege which had hitherto attended them. Your present plan, Sir, would not again change their nature, nor make them *money* in any degree; but it is culpable, because it prevents still more effectually than ever the possibility of any one making the smallest addition to the natural prices of his commodities on account of taxation.

By authorising a reduction of the issues of the Bank till they are brought down to eleven millions, you restore that average amount of Bank notes which was in circulation from 1789 to 1797; and as this was found insufficient then to allow of any addition to prices on account of taxation, except in so far as the deterioration of the coin favoured the operation, which deterioration is now prevented, you may be confident, Sir, that you have succeeded in your object when you have passed the present bill. In the latter half-year of 1789 we had 11,121,000 Bank of England notes circulation; in the latter half-year of 1797 we had 11,114,120: taxation, in the interval had been increased from 15,572,000 to 21,454,000, and the debt from 240 to 373 millions.

Though we have now upwards of 50,000,000 of annual taxation to contend with, you will equally succeed in preventing prices from rising beyond their bullion level,—you will even reduce them lower than in 1789; for from 1785 to 1789 our silver coin was so corrupted that it allowed room for some advance: 78 shillings were ascertained to be equal to 62 good shillings, and 195 sixpences to 124*. The shillings required an increase of 26 per cent, the sixpences of 57 per cent. Dollars passed for 5s., being 25 per cent above their bullion value. To the extent, therefore, of 25 per cent prices may be said to have risen generally during this period. The general average of wheat for the same period was only 43s. 7d., which was a moderate price. Let it be reduced in the same proportion that the dollar is enhanced which passes now for 4s., and the bullion equivalent for the quarter of wheat will be found no higher than 34s. 10d.

Yes, Sir, you will carry out your object perfectly by the means you propose; but you must not suppose that, with such a series of checks as you require, your system has any claim to the merit of *simplicity*, in comparison with that which you might deem it your duty, your privilege, your happiness, your glory to originate. For example, were you to issue *government paper money*, as you ought to do, to the amount of our annual taxation,

* See Ruding, vol. iv.

you would need no *checks* as to the manner in which the people should use it and estimate it among themselves; you might banish all anxieties about foreign exchanges, or that value which foreigners would put upon it. They would, as you say, and as I have shown, take good care of their own interests; but would be prevented from injuring us by a rise in the exchanges.

Nor can your system be reckoned *expedient*, for this reason,—that whether we are a taxed or an untaxed people, we can do *better for ourselves* by a proper use of *paper money* than by restricting all payments to *gold*. You appear to have no conception of this. Let me then, first, suppose that we are *untaxed*, or that we have so little taxation imposed on us that we do not feel it press on production so heavily as to require prices to be raised beyond their bullion level. In this case let government order sovereigns to be coined of their present weight, the subordinate pieces of coin being silver and copper as at present; or, which would be of as great advantage to the people, let a number of competent persons unite themselves into banking companies, both in cities and towns, to receive deposits of coin or bullion, and to issue in lieu of them *bank notes*, promising to pay the bearer, on demand, the sum in gold or silver which the notes represent. If any bank could not fulfil this engagement it would fail, and all the property of the *shareholders* would be amenable to the discharge of its liabilities, which would effectu-

ally secure the public from loss. In this kind of paper all persons would find it more convenient to make payments to each other than in gold; and foreigners wanting gold would get it on presentation at the Bank. This paper would prevent the wear of the precious metals as coin, and save the trouble which attends the necessity of weighing coins, which would be a great advantage.

But you will object, that, unless a restriction be placed on the issues, prices in these notes *may* advance so high as to cause the gold to be exported as the cheapest commodity. Well, then, let it go. As no more notes will be in circulation at any time than there is coin or bullion in the banks to represent them, no harm can happen; the bank notes will disappear from circulation, and the gold will be exported: we shall then get it back, if we wish, by giving a due value in goods for it; and trade both at home and abroad will go on as steadily as before. You fairly state this truth in your speech. "The law," you say, "that governs coin is exactly the same as that which governs other articles of commerce; and it is proved by this: When there is a sudden demand for coin, if it is more profitable to send out woollen or cotton manufactures than to send out coin, then depend upon it they will be sent out; and if they are unprofitable, then coin or bullion, which are identically the same, will be sent out." This proves my case. As it is more convenient and economical to use bank notes instead of gold than to use gold, which will still be to all intents and purposes the

measure of value at home, as well as in all our dealings with foreigners, my system is certainly the more *expedient* of the two.

I will now suppose that we are a *heavily-taxed* people, that we pay as much as fifty millions annually in taxes, thirty-six millions of which are levied on commodities; and that the effect is such that men cannot generally be repaid their proper charges for taxation unless they receive fifty per cent more, or three sovereigns for that commodity which, without taxation, would have sold for two sovereigns. In that case, I say, let sovereigns be coined of their due weight as at present, and let silver and copper coins represent the fractional parts of a pound and a shilling. But, in addition to this, let *government* provide for an issue of paper money of the state to the amount of the annual taxation. For this purpose the establishment of *one bank of issue*, as recommended in your speech, will be desirable. You propose that the Bank of England should be the instrument made use of in this operation. I can see no great objection to this, if the government be satisfied with it. The details would be very simple. The bank of issue would have nothing to do but give out notes, to an amount authorised by Parliament, in payment of checks drawn by the Treasury for particular services, and in discharge of the interest due periodically to the holders of securities in the public funds. In this way so many notes would be issued during the first year as would

amount, we will suppose, to fifty millions of pounds. These would be placed to the *debit* of government. On the *credit* side would be placed, during the progress of the second year, the notes received by the Exchequer in discharge of the taxes; these, in the course of that year, would equalise, and thus balance, the *debit* account of the year preceding; while another issue of fifty, or fifty-two, or forty-eight millions, as the case may be, (the necessities of the country and the vote of parliament determining the amount,) would be going on for the service of the second year, alike to be balanced by the receipt of notes paid into the Exchequer during the third year. This, Sir, would be a substitute for that fourteen millions issued on the bank loan, and sixteen millions on bullion deposits, which, according to your scheme, will constitute the principal part of our currency.

But while the bank of issue was thus paying away its first fifty millions, the Exchequer would be receiving fifty millions on account of the current taxation of the first year. What shall the government do with this money? Let us pay our debts with it:—

1. Let us pay off the Exchequer bills held by the Bank to the amount of twenty-one millions, and other bills of similar kind, constituting the *unfunded debt*.
2. Let us pay off the Bank loan of eleven millions; and as far as the rest of the fifty millions will go, let it be employed in paying off some part of the National Debt. As the present Bank notes will all disappear from circulation when the twenty-one

millions of Exchequer bills are paid off, on the strength of which they were put into circulation, — the Bank capital of eleven millions, with such portion of what is called "The Rest," of three or three and a half millions, as the Directors may find it desirable or convenient to employ, will be found necessary to serve as a fund on which the Bank will now have to base its own proper issues. The business of the Directors will be to discount commercial bills with their own or with government money; if with their own, they must purchase with their capital a sufficient quantity of government notes to be ready to take up their own with, on demand.

Throughout these transactions *government notes* will be the *sole legal tender*, with, of course, the *gold pound* at its *full weight*. That the country may have the benefit of any increased value that may attach to the gold pound when the system is in complete operation, it will be desirable that the bank of issue should at once take charge of all the sovereigns in the Bank, and when they have risen in their market price to a height in government notes which appears to be their natural value in that paper, then let them be sold to any purchaser at that price, and let the profit be placed to the *credit* of the government account. This can be done with the greater facility and advantage, inasmuch as paper money will be the universal medium of payment in all transactions at home, and the gold will only be wanted by foreigners at such

times as they can obtain it at a cheaper rate than they get our woollen and cotton manufactures, as you properly observe. Now let us consider what objections can be urged against this system.

1. You will ask, — “What will your paper pound be? What will be that sum of one pound or of five pounds, to which the one pound note and the five pound note will respectively profess to be equivalent? The word ‘*pound*’ is not to represent a definite quantity of gold or silver, or any metallic substance. Will it then be a mere abstract conception of value, corresponding with that which has been called by some writers on the currency, the *ideal unit*?”

To this it may be replied, that the one pound note and the five pound note will always exchange against our gold coin at such a rate of difference, as the necessity of representing our taxation by increased prices strictly warrants: — it will attain, but competition will prevent its exceeding, that limit. Let an office be opened where government paper may at all times in the day be exchanged for gold, and gold for government paper, at that rate which has been declared in the last Gazette to be the *market price* of gold in paper; and the perfect convertibility of each into the other will have been provided for.

By this method of conversion, the paper pound will always represent a *definite* quantity of gold from week to week, as stated in the Gazette (remaining the same even for longer periods when once the plan has been established), but not an

invariable quantity from year to year, if taxes have been repealed or added to in the interim. In the event of their repeal, the price of gold in paper will diminish; in the event of their being added to, it will increase. The word *pound*, therefore, in government paper money, will always represent, whenever any bargain is made, a *definite quantity of gold at the time*, but not an *invariable quantity at all times*. The degree of variation will depend on the *acts of the Legislature with reference to taxation*, of which taxation this pound will always represent ONE POUND. From this it will be seen that the notion of an *ideal unit*, a mere *abstract conception of value*, is altogether inconsistent with the principle of a government paper money.

When the taxation of the country is less than twenty millions a-year, the paper pound will probably be, as it was before the late war, of the same value as the gold pound. When the taxation has advanced to fifty millions a-year, the difference may be, as it was during the war, equal to fifty per cent. Increasing at this rate, the gold pound would rise, in relation to the paper pound, fourpence for every million of taxation imposed beyond twenty millions. With taxation not exceeding twenty millions, the price of wheat would be remunerative at forty-four shillings per quarter. With taxation at fifty millions, it would be equally remunerative at sixty-six shillings per quarter. As the difference between paper and gold would be fifty per cent., the farmer would receive sixty-six

shillings in paper money, and only forty-four shillings in gold, as before. Which is best? A system which provides for his taxation being returned to him in the increased price of his wheat, without altering its natural value in gold? — or a system which, requiring *taxation* as well as *natural value* to be represented by *gold*, would aim to increase to that extent the value of wheat in gold, which can only be done, in any degree, by increasing the distresses of the people?

The legislature endeavours, by one act of Parliament, to secure to the farmer sixty-six shillings per quarter for his wheat, on the ground of his heavy taxation; and, by another act, requires that this sum shall be all represented in coins of full weight (viz., three sovereigns and six shillings), while the natural value is only two sovereigns and four shillings; thus doing all in its power to force down the value of gold fifty per cent. Is this wise? Since it is considered just that the farmer should be enabled to procure an increased price for his wheat, in proportion to his taxation — can it be a question, which of the two systems of money (government paper money or our present gold money) is best calculated to procure this result, without subjecting the measure of value, *gold*, to depreciation?

Is not this answer perfectly satisfactory? What is the pound which you propose but such a pound as this? “The *pound*, in government paper money, will always represent, whenever any bargain is made, a *definite quantity of gold at the time*, but not an in-

variable quantity at all times." Can you say more for your *gold* pound ? I have shown, that, according to your own guarded expressions, it is a *definite quantity of gold at the time*, and not an *invariable quantity at all times*, which your definition embraces. My pound, therefore, is truly defined by those terms which you employ to define your own ; and no sophistry can evade the conclusion that it is equally unexceptionable.

2. You will perhaps object, as Mr. Huskisson did, that with this paper pound government cannot buy so large a quantity of stores as with the gold pound. Probably not ; but who has less right to complain of this than that government which, by laying on these heavy taxes, caused the paper pound to become of so much less avail in making purchases. But, in truth, the government have little cause for complaint on this head ; since it is but a small part of our national revenue which is applied to the purchase of stores, &c.

I cannot imagine any other objections which can be raised against this system ; and therefore I am bound to conclude that on the ground of *expediency* it is vastly superior to your own.

Let us now consider which of the two systems is most entitled to favour as being a *just* system, holding the balance fairly and steadily between the rights and claims of the *people* on the one hand, and their *rulers* on the other. Yours is accused of the monstrous injustice of casting those burdens of taxation which the wealthy engaged to bear, and

did bear before 1819, on the shoulders of those producers who were never intended to bear them. The amount thus imposed unjustly on the labouring classes, is estimated at not less than thirty-three millions a year. A system of currency which will remedy this grievous evil, which will restore to the poor that share of the good things of this life which the providence of God has designed and provided for them, is a system which will have the approval of every honest man as a *just* system.

Can yours be deemed a *humane* system, by any one who has read the discussions on the Factory Bill? That measure is cruel, which they now suffer under; but your system of currency will aggravate the distresses of the overworked females and children. The use of government paper money, on the other hand, would enable the master manufacturer to pay his operatives liberally for their services, without any fear of thereby enhancing the prices of his goods to his customers *abroad*. He could afford then to sell them for even less gold than he does now. By these means the working hours of these poor women and children might be reduced, not only to ten, but to eight a day; and the present wages of twelve hours might still be paid for that diminished labour, without any injury to the manufacturer or any loss of our foreign trade. If there are any considerations which can weigh with you or the House, to cause you to prefer the *paper system of currency* to the *gold system*,

it will be, I suspect, those which relate to the superior *humanity* of the provisions for the ease and health of the young and delicate operative ; which are compatible with the *paper* system, but in direct contrast with those which are insisted on by the advocates of the *bullion* system.

Lastly, let us judge which of the two systems is preferable as to *policy*, with reference to the present condition of the country. The *paper* system would enable the government to keep faith with the public creditor, by paying off the national debt ; in the mean time rendering unnecessary any further reductions of the interest. It would justify ministers in proposing to Parliament the issue of large sums annually in the support of public undertakings of too great magnitude to be within the province of private enterprize, and of such general advantage to the country alone, that if private persons were equal to the task, they would not undertake it for want of adequate inducement. I allude to the construction of harbours of refuge round the coasts of England and Ireland, the deepening of rivers, the levelling of roads, the drainage of towns, the erection of public edifices, the redemption of existing bridges from tolls, and the construction of others, the purchase and laying out of lands round towns as free places of resort for the recreation and healthful exercise of the lower classes, the promotion of education, and establishment of schools. By the demand for labourers in these undertakings, the workhouses would be cleared of most

of their present inmates, and saved from the influx of others: the gaols would be emptied of their present occupants; and crime would become so much less tempting than the rewards of industry and virtue, that we should soon have a great diminution of the cases brought before our magistrates,—those beginnings of evil courses, which make a commitment to prison the first lesson in the *preparatory school* of a life of wretchedness and infamy. By the opportunities of employment offered at public works, and the fixing (if necessary) a minimum of wages sufficient to secure the labourer a comfortable subsistence, the young, the single, the able-bodied men would find that market for their labour which would relieve from their competition the less able and more aged father of a family. Will your system, Sir, enable you to do or propose any thing of this kind? Quite the contrary: it will preclude all payment of the public debt, prevent you from being ever able to do more than barely pay the dividends—*Tantalus à labris*—: it will call on the poor producers of all the wealth for greater sacrifices of health and life than are now required, exhausting as their hours of toil are: it will lower the price of corn as well as of all other commodities, bring on a stagnation of trade by draining the channels of commerce of their circulating medium, and consign the labourers in greater numbers than ever to the tender mercies of a poor law union house.

“All hope abandon, ye who enter here!”

For these reasons, Sir, I conclude that the paper system which I propose, has the advantage over your bullion system in regard to *policy*.

To conclude. — *Money* is a term properly applicable only to that sort of circulating medium which is constituted a *universal legal tender* in the country where it is issued ; which depends for its value not on its intrinsic worth as a *commodity*, but on the circumstance that the government which issues it at a certain rate in discharge of its obligations to the people, will receive it again at that same rate from the people in discharge of their obligations to the state. In this respect, coins of the *genuine stamp*, however deficient in weight, and that paper money also which is issued by authority of the state, are *money*. They are entitled to be universally current, and will be so among the people of that country to which they properly belong. All such money it is within the province of a government to interfere with and to regulate.

On the other hand, 1. All *coins* which depend for their acceptance as a legal tender on the condition that they shall be of *full weight*, are *not money*, but *bits of bullion*, estimable in all countries according to their intrinsic value, and deriving no advantage in any way from privileges conferred by the state ; 2. All *promissory notes* to pay on *demand* those same bits of bullion of a certain weight and fineness are *not money*, but evidence of a contract entered into between man and man. 3. All *promissory notes* to pay

a certain sum in *that legal tender* which is money, are themselves *not money*; they are merely an acknowledgment of debt, of the claim to which debt they constitute a transfer when they are endorsed and paid away. With all such commercial currency, improperly called money, a government has no more right to interfere, under the pretext of regulating its *quantity*, than it has to interfere with the manner in which men conduct their other affairs of business and manage the concerns of their own families.

In the last place, silver is not our *standard measure of value*, nor ever has been since gold was first coined in this country, which was exactly 500 years ago. Ever since that time, the *gold pound* has been our *standard measure of value* for all sums of *one pound and upwards*. This *standard pound* has undergone many changes since the year 1345, when it represented as *bullion* the sum of 3*l.* 12*s.* 10*d.* of our present money. It has been altered in weight eighteen times since then, but always in the way of reduction, except thrice: the first time being in 1552, when the coin of two years before, value 28*s.* 2*d.*, was called in, and a new coin issued of the value of 29*s.*, a difference of 10*d.*; the second being in 1558, when the coin of five years before was raised, in like manner, from 26*s.* 8*d.* to 29*s.*; the third, in 1620, when the difference was no more than 3*d.* in 23*s.* 4*d.* These few and trivial changes were all that were made in the way of enhancement till the year 1819, when the value of the *gold pound*, our *standard measure of value*,

which had been represented by the *Bank of England note* for twenty-two years, was raised nearly, if not altogether, 50 PER CENT! But mark another important difference! On all the three former occasions the country had no debt to pay; while we have now a debt of nearly 800 millions, 600 of which were incurred in the standard measure of that depreciated pound. The annals of the world furnish nothing like a parallel to this enhancement. It is, and will for ever remain, an UNPRECEDENTED TRANSACTION, all the merit of which, Sir, you may safely claim, for no man of any feeling would wish to share it with you.

After all, Sir, there is too much reason to fear, from the apathy with which your resolutions have been received, that you will carry your measure, and completely succeed in fastening on the industrious classes of this country the fetters prepared for them by your former Bill of 1819. But I do not despair: nor do I regret that I should have made an ineffectual attempt to withstand you by publishing these hastily written pages, which will have been not only written but printed in the brief compass of ten days. There are *Errors* exposed, and *Truths* expressed, and *Principles* laid down here, which will not be soon forgotten, but will outlive the occasion that gave them birth. Ere long the *Currency Question* will again demand attention. Your success now is but the prelude to your defeat hereafter. Your measure carries with it the elements of its own destruction. Your triumph will be

your overthrow. I could predict with tolerable exactness what length of time will elapse before it comes to an end,

..... "like the poor Indian's sleep,
While his boat hastens to the monstrous steep
Of Montmorency !" —

when this great measure of yours, on which you so much pride yourself, will be swept away for ever, with some other things which many of your supporters will be more sorry to lose; but it is sufficient to say, that *the day is not far distant*.

I am, Sir,

Your obedient servant,

AN INQUIRER AFTER TRUTH.

May 20. 1844.

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